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# FOREIGN AGRICULTURE

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## USDA and TRANSPO 72

## Korea Is Fast-Growing U.S. Farm Market

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

# FOREIGN AGRICULTURE

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This week's cover:

A Korean farmer tills the soil with a hand plow and animal labor in the shadow of an ultramodern radar station, highlighting the contrasts which exist in Korea today. Although industries are booming, construction is expanding, and incomes are rising, much modernization still needs to be done. See story beginning page 6.


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# Containerization Is Featured At TRANSPO 72

**USDA exhibit highlights two ultramodern container vans for shipping perishables with less handling and spoilage losses.**

The latest developments in containerization for the "fast, safe, efficient, and economical transportation of U.S. farm products to overseas markets" are being featured by USDA at the world's first all-transportation exposition—TRANSPO 72, being held at Dulles International Airport, May 27-June 4.

The Foreign Agricultural Service and the Agricultural Research Service are cooperating to present the exhibit of two of the latest types of container vans —one refrigerated and the other, ventilated.

The refrigerated container is a prototype built especially for the show and for subsequent experimentation and demonstration. Six manufacturers of components joined forces to design, build, and evaluate the multipurpose container. It provides more closely controlled shipping environments for a wide variety of perishable products than conventional refrigerated trailers and container vans. Most of the design features grew out of many years of shipping experiments with various perishables and have already undergone a series of successful stationary tests.

Following the showing at TRANSPO 72, the prototype will be evaluated in a number of shipping tests in both domestic and overseas markets by various combinations of intermodal transport. This evaluation will include studies of physical performance, cost of operation, and net revenue yield for the prototype van, compared with conventional

refrigerated trailers or container vans used in similar operations.

USDA has a memorandum of understanding with the Fruit Growers' Express Co. to put the prototype container into its fleet for making experimental shipments by rail piggyback service. Similar arrangements will be made with trucking firms, ocean carriers, and other transport groups to make possible experimental shipments by other modes of transport.

The second container van features a forced-air, waterproof marine ventilation system which is particularly effective for ocean transport. It has four air intakes along the top of the front end wall and two motor-driven and exhaust-blower sets on the rear doors to draw outside air into the container and through the load. This allows cooling through the use of outside air on the north Atlantic and north Pacific sea lanes during 4 to 5 months of the year.

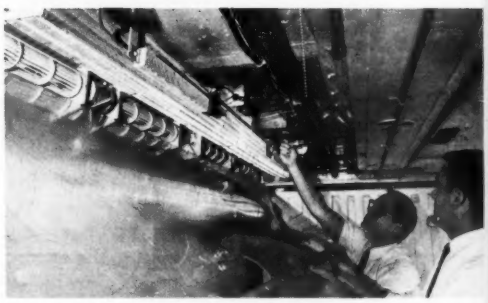
The feature is particularly good for perishables requiring only moderately low temperatures during transit, such as flower bulbs, grapefruit, watermelons, sweet peppers, and cucumbers.

Recently this type of container was used to ship watermelons to the United Kingdom on an experimental basis. At the time of loading the melons in Florida, outside temperature was nearly 100° F. and melon temperatures ranged from 88° to 92°. After loading, the container was hauled by truck to Norfolk, Va., and loaded aboard a container ship bound for the United Kingdom. Upon arrival, the air temperature inside the container had decreased to 58° and melon temperatures ranged from 56° to 62°. Arrival condition was excellent. Less than 2 percent of the melons were damaged upon delivery to the British retail outlet.

Intermodal containerization, such as that being demonstrated by USDA at TRANSPO 72, is expected to cut ocean terminal delay and handling costs. The loading of refrigerated and ventilated container vans at the shipper's plant will allow his products to be carried directly to the receiver's loading dock without any reloading or transfer of individual packages.

Controlled temperatures, humidities, and atmospheric makeup will be maintained inside the containers. This controlled environment will put many perishables "to sleep" to keep them at their peak of freshness. Thus, handling, damage, spoilage, and quality losses will be minimized.

By its close, TRANSPO 72 expects to have hosted a million visitors, including 50,000 from overseas. About 350,000 will be business visitors, some of whom will be potential buyers, shippers, and sellers of U.S. food and agricultural products. The container vans will demonstrate the value of containerized transport techniques for shipping U.S. perishable products to overseas markets in better condition and at lower overall cost.



*Top, two container vans exhibited at TRANSPO 72 by USDA. Middle, examining the shock-absorbing door. Bottom, adjusting the refrigeration unit.*

# WORLD'S FARMERS COMPETE FOR CALVES

## Part II: The Americas, the Far East, and Oceania

By LARRY E. STENSWICK
*Livestock and Meat Products Division*
*Foreign Agricultural Service*

The world shortage of feeder calves may be further exacerbated as more countries seek to expand their beef cattle production by feeding calves imported from distant sources.

Some countries in the Western Hemisphere that traditionally export beef and/or cattle—such as the United States, Mexico, Canada, and Argentina—find that their own rising needs for beef have complicated the movement of feeder trade among themselves and with other countries.

In addition, some countries in the Far East—such as Korea and Japan—are seeking to import feeder calves. Major beneficiaries of this development may be Australia and New Zealand, where extensive pastures provide a cost advantage in calf production.

**Western Hemisphere trade.** The United States is a major net importer of feeder calves and cattle—principally from Mexico and Canada—and supplies from both sources have fluctuated to a marked degree in recent years.

The United States has traditionally imported feeder calves from the northern tier of Mexican States, over half originating in Chihuahua and Sonora. To insure that cattle numbers are not depleted, the Mexican Government controls the export of feeders through a system of export permits.

Although Mexico usually bans exports of heifers, permits for the export of 136,000 heifers were granted in early 1970 because of a severe drought. With pasture recovery, the customary embargo on heifer exports was reimposed in mid-1970 and continued throughout 1971.

This embargo accounts for most of the 18-percent decline in U.S. imports from Mexico—to 749,000 head last year, against 907,000 head in 1970. For the year ending August 1971, the Mexicans set an export quota of 720,000 steers. For the 1971-72 year, export quotas are set at 775,000 head.

Although U.S. imports of Mexican feeders have varied cyclically, the general trend since the early 1960's has been upward: The 1968-71 average of 800,000 head was 31 percent above the 1961-64 average of 553,000 head. However, these increases has been largely offset by the decline in the traditional southward movement of lean range cattle from western Canada to the feedlots of the U.S. Midwest.

U.S. imports of 200-pound to 700-pound feeders from Canada averaged over 300,000 head per year 10 years ago, but they have dropped to less than 35,000 per year for the last couple of years—as Canada has attempted to build up its herds in response to vigorous domestic demand for beef.

U.S. imports of Canadian vealer calves into the northeast, on the other hand, have reached the level of about 125,000 head per year—up considerably from early in the 1960's, when imports ranged from 28,000 to 50,000 head per year.

At the same time, however, there is a strong and growing Canadian demand for U.S. choice and good slaughter cattle, and the net slaughter trade is now clearly northward.

In 1971, the United States imported 24,278 Canadian cattle weighing over 700 pounds, while U.S. exports of slaughter cattle to Canada reached nearly 58,000 head—for a net northward trade of about 34,000 head. This compares with net southward trade of about 40,000 head as recently as 1969.

The strength of the Canadian beef market (as indicated by this reversal in the slaughter cattle trade) combined with the growth of the feeding industry in Western Canada, will probably prevent recovery of U.S. imports of feeder cattle from that country to earlier levels in the near future.

Argentina, a major beef exporter, has never developed an export trade in calves (except an occasional shipment of fat calves to Uruguay and small dairy calves to Europe), despite considerable interest in doing so.

At present, Argentina is trying to recover from the "down" part of a livestock cycle that has left it drastically short of cattle to support both its beef exports and its restricted domestic consumption of beef. (See *Foreign Agriculture's* special Argentine issue, Apr. 24, 1972.)

The Government is apparently determined to prevent exports of calves under present circumstances. In a recent report, the Ministry of Agriculture concluded that in general it is much more remunerative to retain the animals for sale when finished, because this encourages the export of products with greater added value—besides exploiting the output of byproducts, which are also valuable on the international market. The report stressed that the present Argentine ban on exports of calves to distant countries is economically sound and should be continued.

**Trade in the Far East.** In Korea, a growing demand for beef among 30 million people with rising incomes is pressing heavily on short domestic supplies. Despite strict Government controls on slaughter, the cattle population has been dropping by 40,000 to 50,000 head per year, and in 1971 total cattle numbers were officially estimated at only 1.2 million head. Since most beef is produced from dual-purpose animals (meat and draft), quality tends to be low; yet retail prices average over US$1.40 per pound.

U.S. calves, feed, and technical advice are now being combined with Korean feedlot facilities, labor, management, and capital in a pilot feeding program, under a cooperative agreement between the Daehan Livestock and Feed Company of Seoul and the U.S. Feed Grains Council. The calves, 264 of them, were airlifted to Korea from Oklahoma in October. At the end of the feeding period, it is expected that

part of the beef will be exported to Japan, while the remainder and all by-products will be marketed in Korea.

Korean interest in importing calves, feed, and technology—rather than beef—derives from a desire to develop the country's livestock industry and thus conserve foreign exchange. Many Koreans view U.S.-type feedlot operations as an efficient method of meeting increased beef demand with a maximum use of domestic labor and forage and a minimum use of valuable foreign exchange.

Japan also appears to have opted for increased feeder calf imports as one method of filling its rapidly growing gulf between beef demand and domestic production. On October 1, 1971, the Japanese removed feeder calves from import quota controls, although they immediately imposed a nearly prohibitive tariff of 45,000 yen per head (about US$125 before currency realinements).

After negotiations with the United States earlier this year, Japan announced that a "special tariff quota" for duty-free entry of 5,000 head of feeder calves would be established for the year beginning April 1, 1972. This new quota is universal, however, and other countries, including Australia and New Zealand, will be competing for it.

**Trade in Oceania.** Both Australia and New Zealand could emerge as important calf and feeder cattle suppliers to Japan—as well as to other countries that rim the Pacific.

The rapid increase in Australian cattle numbers—up 48 percent since 1966—has been primarily in beef breeding stock. Calf numbers alone jumped by 68 percent between 1966 and 1971, to 6.2 million head, while cow and heifer numbers increased 31 percent, to 13.7 million head. The cow buildup took place despite the continued decline in the number of dairy cows, which totaled 2.6 million head in 1971, down 11 percent since 1966.

Both Australian farmers, spurred by depressed wool prices, and foreign investors, attracted by inexpensive land, are now moving aggressively into beef production, with the result that Australia will probably remain as one of the world's fastest growing producers of beef and calves.

With the exception of a serious widespread drought, there are no foreseeable constraints to a continued expansion in production. As in the past, this expansion will depend primarily on continued improvement of pastures—through the use of phosphate fertilizers, trace elements, legumes, and water conservation.

*Left, feeding time on a farm in New Zealand's Taranaki District. Right, new loading techniques simplify air shipment of cattle.*

Cattle numbers have also expanded in New Zealand—with a 27-percent increase since 1966—to the present to 9.2 million head; however, the rate of expansion has slowed considerably in the last year owing to recovery of world dairy prices and to the canceling of the dairy-beef incentive program which was aimed at diverting grass from dairy to beef production by raising more dairy calves for beef. Despite some success with the scheme, the utilization of dairy calves remains low. In 1971, 1.2 million bobby calves were slaughtered shortly after birth. This was nearly 39 percent of New Zealand's total calf and cattle slaughter of 3.1 million head.

As in Europe, these calves are primarily a byproduct of dairy production. However, cross-breeding of Holstein bulls with Jersey cows—New Zealand's dominant dairy breed—has produced calves suitable for fattening.

Should export markets for feeder calves develop in Korea, Japan, or Taiwan, New Zealand calves presently slaughtered at 60-70 pounds could be raised to 400-600 pounds and then shipped to Asian feedlots.

Another export possibility currently being investigated is the ocean shipment of feeder calves—floating feedlots—to the west coast of the United States. There are no health barriers to be overcome, and a 500-pound feeder that currently sells for US$96-108 in New Zealand is selling for $180-200 in California.

While beef prices in New Zealand have risen considerably relative to sheep products in the last several years, the most profitable use of the lush growth of spring and summer pastures remains fattening lambs—rather than calves. Lambs born early in the spring are raised to slaughter weight by midsummer—only breeding stock need to be carried over the winter—while calves would require additional winter forage. A similar pattern of seasonal competition exists between calves and dairy cows.

This pattern of production may change as a result of the United Kingdom's entrance into the European Community. The United Kingdom now takes 87 percent of New Zealand's lamb, 89 percent of its butter, and 49 percent of its cheese. Should EC membership limit the U.K. market for New Zealand lamb and dairy products, the relative return on raising beef calves could improve—thus accelerating the rate of cattle and calf expansion.

New Zealand's potential for expanding calf production is enhanced by those same factors which have contrib-

*(Continued on page 16)*

# REPUBLIC OF KOREA WORKS TO IMPROVE AGRICULTURAL OUTPUT, REDUCE IMPORTS

**U.S. exports to this nation of 33 million people have more than tripled during the past 5 years.**

By CLANCY V. JEAN
*U.S. Agricultural Attaché*
*Seoul*

In the last 5 years, the Republic of Korea has become the fastest growing major market for U.S. farm products in the Far East. The keywords to South Korea's economy are growth and progress. The average growth rate during the Second Five-Year Economic Plan (1967-71) was 12 percent. Industries are booming, construction is expanding, and incomes are rising. All this expansion, combined with the country's limited land area and shrinking farm population, has created a flourishing market for imported agricultural products, particularly grains.

The United States provides a large share of Korea's farm product needs. Sales of U.S. agricultural commodities have more than tripled in the last 5 years—skyrocketing from $83.3 million in 1966 to a record $299.7 million in 1971. Between 1970 and 1971, U.S. sales gained by 37 percent, and in 1971 the United States supplied more than half of Korea's total farm imports. The most striking increases have been in wheat, rice, and feedgrains.

For example, in 1971 Korea imported 1.68 million tons of wheat—1.4 million from the United States. Australia shipped 288,000 tons, which represented Korea's first commercial wheat purchase from a non-U.S. source.

South Korea's planted wheat area of about 353,000 acres was down more than 10 percent from plantings in 1970, because other crops—vegetables and mulberries—are more profitable than wheat. This brought production down to about 322,000 tons—off about 9.8 percent from 1970 output.

Recently the Government launched a new program to conserve rice supplies and save foreign exchange. The program is heralded by large signs encouraging Koreans to eat more wheat and mixed foods (rice with at least 30 percent other grains) for health, happiness, and the national economy.

In addition to the traditional wheat foods, particularly noodles, the Government is promoting a new kind of food grain made from whole-kernel, bulgar-type white wheat. The product, which was introduced into the Korean market last July, is called Mil-Sol or "wheat-rice." It has been well received by consumers as an extender for rice and consumption is growing as the Government urges the people to blend it with rice.

Another grain that is being blended with rice is pearled barley. Although blending is not compulsory at the consumer level, blended rice is on sale and stocks of barley and wheat-rice are available to encourage do-it-yourself blending. In addition, public eating places are required to blend at least 20 percent of other grains with rice at all times except Wednesdays and Saturdays when no rice may be served.

The wheat used in making wheat-rice in the last half of 1971 was an addition to normal wheat needs. Some 40,000 tons of white wheat were purchased to make it. Imports of wheat for both wheat-rice and other wheat flour foods are expected to be up in 1972. After processing, wheat-rice is sold to consumers at about half the price of rice.

The Korean Government has a two-price system for rice; a higher price it pays to farmers, and a lower one for selling at the current market level. In 1972, the Government's purchase price for rice was increased by 25 percent to $291.66 per metric ton. The release or selling price will be about the same as that of 1971—about $216.67 per ton. Government stocks will be released only during the May-October period unless market prices get out of hand.

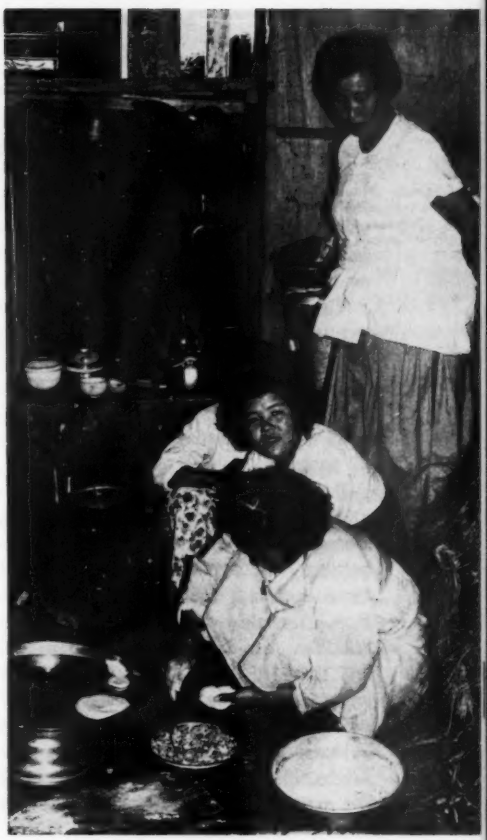
Rice was the only Korean grain crop for which production rose in 1971 despite a slight reduction in acreage. Four million tons of rice were grown—1 percent more than in 1970. Yields were up 1.5 percent over 1970 to 2,936 pounds per acre and were 4.8 percent above the 1966-70 average.

A new rice variety was introduced in 1971. It was grown on about 6,400 acres at 550 demonstration farms. Yields of this variety reached more than 4,500 pounds per acre. The Korean Government has acquired 12,000 metric tons of the new-variety seed for additional planting in 1972. It paid a premium over the basic seed price.

The Government also invested $21.7 million last year in an irrigation improvement program which brought an additional 50,000 acres of paddy land under irrigation. Of the 3.2 million acres of irrigable paddy land, 81 percent now is under systematic irrigation either from reservoirs or wells.

Still, to supplement domestic production, Korea had to import slightly more than a million tons of rice last year. The United States provided 451,000 tons and Japan, the largest supplier, shipped 514,000. Korea also took 24,000 tons from Taiwan and 12,000 from Uruguay.

Corn imports, too, were up in 1971 to nearly 35 percent above imports in



*Above, rice cultivation has been the backbone of Korean agriculture for centuries. Right, Korean housewives prepare evening meal in a shared kitchen.*

1970. The United States supplied all but 7,000 tons, which came from Japan. Despite urging by the Government for increased domestic corn output, both acreage and production dropped 15 percent in 1971 from 1970 levels. Planted area totaled 98,840 acres, which produced 64,000 tons of corn.

Barley acreage and production have been trending downward over the last 5 years because farmers prefer planting higher return cash crops, particularly in the upland areas. However, unit production of barley has risen. The 40.6 bushels per acre attained in 1971 was 1.8 percent above the 1970 level and 5.7 percent more than the 38.4-bushel average during the past 5 years. Nevertheless, total production reached only 1.87 million tons, down from 1.99 million a year earlier.

In 1967, 1968, and 1969, the United States furnished all of Korea's imported barley. In 1970, however, all imports came from Canada, and in 1971, Canada and Australia shared the market. So far in 1972, Korea has bought 350,000 tons of barley from the United States and Australia on commercial terms.

Rising incomes in urban areas have resulted in increased demand for meat, which has created a meat shortage. The Korean Government is continuing its heavy emphasis on livestock output. The agricultural census of October 1970 showed the cattle population at nearly 1.3 million head, an increase of 5.7 percent over the 1.2 million in 1969.

Cattle slaughter, however, appears to be up sharply. Private sources estimate total native cattle at only 800,000 head. The Government had planned to export beef to Japan, but these plans could be delayed because of the continuing shortages at home.

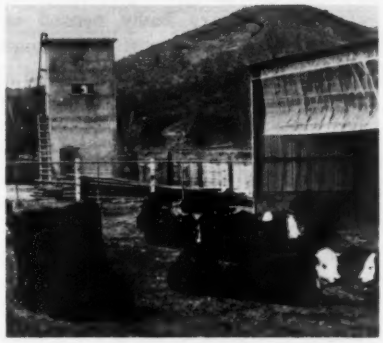
Dairy cattle, which are easier to identify and inventory, are believed to total 25,000 head. Beef cattle numbers (purebreds and those on feedlots) dropped from 3,948 in 1969 to 3,023 in 1970, probably reflecting the rising demand for beef.

Recently, a shipment of 264 U.S. calves was sent to Korea and placed in an experimental feedlot to test the economic feasibility of grain feeding cattle in East Asia. (See *Foreign Agriculture*, April 3, 1972).

Swine and poultry numbers both were rising in 1971. As of September, swine numbers reportedly totaled 25 percent above the 1.1 million estimated in 1970. A small amount of pork is exported to Japan.

Poultry numbers rose to 29.7 million, an increase of 26 percent over the 23.5 million recorded in 1970. The increase in poultry flocks was the result of a pronounced slump in farm prices of broilers and eggs. According to some sources, prices at the end of 1971 were 30 percent below the cost of production. However, this midwinter slump resulted in a significantly lower hatchery set. Therefore, early 1972 figures show a decline in poultry production.

There is a great deal of activity in Korea's livestock industry, which is creating a demand for more feeds. For example, in 1971, soybean imports reached 61,000 tons, an increase of



*U.S. calves—Herefords and Hereford-Angus crosses—in Korean feedlot.*

nearly 70 percent over the 36,000 tons imported in 1970.

Recently, Korea's first modern soybean crushing plant went into operation. To protect its output during the last half of 1971, soybean meal was added to Korea's list of restricted import items. However, the plant was unable to meet demand, and feed manufacturers turned to fishmeal, which was on the free import list.

The rate of growth of the mixed feed industry in 1972 is expected to be down mainly because of the poultry situation. In 1971, mixed feeds showed an 83.2-per cent growth rate over 1970. The 1972 figure is estimated at only 13 to 22 percent.

Because of a critical balance of payments situation, the Korean Government hopes to curb commercial agricultural imports in 1972 in favor of those received under Public Law 480. For example, the goal for rice is 800,000 tons (brown)—27.3 percent less than in 1971. Rice self-sufficiency is expected to be 86.2 percent, up 3.7 percent from 1971. However, in terms of total grain self-sufficiency, Korea's production will be only 71.4 percent of the nation's needs, slightly less than the 72.2 percent of 1971.

Exports, on the other hand, are being promoted to earn badly needed exchange. The export goal for primary products alone in 1972 has been set at $362 million—a 20-percent increase over the $301 million shipped in 1971. About $69 million of this total is to be livestock and other agricultural products. The remainder will be forest and fishery products. In addition, the Ministry has stressed silk yarn exports by setting the goal at $47.5 million. The export target for canned foods is $8.5 million—42 percent above 1971 sales. A goal of $2.5 million for meat product exports (mainly pork and mutton) represents a 300-percent rise over the $800,000 worth sold in 1971.

The Korean Government has named 1972 as the year to establish "self-support export" or a balance between imports and exports. To accomplish its export goals and reduce imports of raw materials, the Government has summed up what must be done into five slogans:

- Strengthen competitive power for export industry;
- Promote foreign currency earning rates;
- Explore the broadening of export markets;
- Improve Government policies for export promotion;
- Improve and strengthen the export system.

To help achieve these goals an export promotion fund will be established. It will assist exports by providing a source of financing for the export industry, and by promoting changes in domestic industry that can result in expanded exports.

In its Third Five-Year Economic Development Plan (1972-76), the Korean Government is stressing development of agriculture and fisheries. In the recent past, agricultural development has not kept pace with the rapid economic development. This may have been partly due to unrealistic policies and goals and, in some cases, lack of program implementation.

Also, conflict sometimes has occurred between efforts to modernize Korean agriculture by stimulating commercial-scale enterprises which would increase total farm output and programs to improve income and living standards of "typical" Korean farmers, who till less than 2 acres of land each.

Current development efforts will be directed to:

- Increasing production of foodgrains, livestock, cash crops, and silk;
- Expanding land development projects, including paddy rearrangement, farm mechanization, and land development along four large river basins;
- Expanding and implementing special projects to increase incomes of farmers and fishermen;
- Improving marketing systems and stabilizing agricultural commodity prices through Government supports.

In addition, a multipronged approach to the shortage of domestic foodgrains is underway. It involves increasing the production of rice, wheat, rye, and barley; importing barley as a rice extender; and reducing rice consumption.

It will take time and money to implement these ambitious plans. And there will be many obstacles. A major one is the migration of people from farms to cities. The farming population at the end of 1970 totaled 15.5 million, 74,000 less than in 1969, and more and more people in the most productive age group—20 to 40—are moving to urban areas.

Meanwhile, there still will be a large and growing market for U.S. farm products, particularly grains and livestock, in Korea.

VALUE OF U.S. SALES OF MAJOR FARM PRODUCTS TO SOUTH KOREA

[In millions of dollars]

| Year | Wheat | Rice | Corn | Cotton | Tallow | Other | Total |
|---|---|---|---|---|---|---|---|
| 1966 | 31.0 | — | 0.2 | 31.0 | 4.5 | 20.6 | 83.3 |
| 1967 | 57.0 | 14.7 | 3.1 | 46.4 | 4.2 | 23.9 | 146.4 |
| 1968 | 59.9 | 42.7 | 4.5 | 40.9 | 4.1 | 42.8 | 190.4 |
| 1969 | 63.5 | 75.6 | 10.1 | 46.3 | 5.9 | 33.5 | 234.9 |
| 1970 | 68.9 | 35.5 | 15.7 | 56.8 | 9.2 | 31.9 | 218.0 |
| 1971 | 81.1 | 70.6 | 24.8 | 73.7 | 13.2 | 36.3 | 299.7 |

Bureau of the Census.

## Sale of P.L. 480 Wheat To Fund Korean Elevator

The U.S. Department of Agriculture has announced the signing of a Public Law 480 private-trade agreement with the Korea Silo Co., Seoul, Korea, providing for the sale of about 78,000 metric tons of U.S. wheat.

The private trade agreement provides for the financing by USDA's Commodity Credit Corporation (CCC) of about $4.6 million worth of wheat plus an estimated $318,000 for ocean transportation costs during fiscal 1972 and 1973.

Proceeds from the sale of wheat purchased under this agreement will be used by the company to finance the construction, equipping, and operation of Korea's first bulk-grain elevating and storage facility, in Inchon. The completion of the Inchon harbor improvement program by the Korean Government and successful implementation of the company's grain elevator project will result in substantial savings in grain shipping, handling, and storage costs.

# AUSTRALIA BOOSTS OILSEED CROPS AND EXPORTS, CUTS IMPORTS

By ALAN E. HOLZ
*Fats and Oils Division*
*Foreign Agricultural Service*

Australia, long a net importer of fats and oils, has more than doubled its oilseed production in the year ending June 30, 1972, to attain its first oilseed surplus. Much of the increase is expected to move into export in 1972; and, reflecting this production boost, Australia's 1972 imports of vegetable oils may decline significantly.

For the year ahead, ending June 30, 1973, the oilseed production outlook is as yet uncertain. It will depend heavily on current weather conditions in the northern wheat producing States. Persistent dry weather could encourage Australian farmers to shift from wheat to sunflowerseed at planting time, as many of them did in June 1971 in Queensland and New South Wales.

This sharp expansion in acreage for sunflowerseed, to nearly 1 million acres, was responsible for the bulk of the increase in 1971-72 oilseed production.

Acreage and production of several other oilseed crops—rapeseed, safflowerseed, and soybeans—also increased markedly in 1971-72. Thus, Australia's total oilseed production reached an estimated 106,000 long tons, oil basis, against last year's 45,000. However, the current sunflowerseed yield estimate is substantially below preliminary estimates and in the final analysis could prove to be too conservative.

This year's total oilseed increase will approximate 61,000 tons, oil basis, and follows an increase of 30,000 tons last year. Oilseed exports on an oil basis could approximate 50,000 tons in 1972—equal to last year's total production—against only 3,000 in 1971.

There have been recent reports that Australian sunflowerseed exporters are attempting to buy back commodity sales contracts. Apparently many growers are holding back supplies in the hope of forcing exporters with commitments to pay higher prices in order to meet their contracts.

Australia's imports of vegetable oils during the past 2 years have exceeded 60,000 tons annually, but for 1972 they are expected to decline significantly in reflection of the expanded domestic oilseed production. Some buildup in stocks apparently took place in 1971.

In 1972-73, sunflowerseed acreage could well expand further. The contract price for 1973-crop sunflowerseed was reportedly raised to US$125 per long ton against US$114 per ton for the current crop. This would encourage some expansion in sunflower acreage even if there were adequate rainfall for wheat planting, despite the fact that the yield per acre for the 1972 sunflowerseed crop appears discouragingly low.

Rapeseed acreage, largely in Western Australia, is expected to continue a significant upward trend.

As Australian oilseed production expands over the near term, a substantial share of the increase is expected to be exported as seed. However, over the long term, domestic crushings are expected to expand, thus substantially reducing the import requirements for vegetable oils. Copra and coconut oil are likely to continue as the major import items while imports of other commodities such as soybean, peanut, sunflower, and rapeseed oils will probably drop off sharply.

AUSTRALIA'S OILSEED PRODUCTION AND TRADE

| Commodity | Year ending June 30 | | |
|---|---|---|---|
| | 1970 | 1971 | 1972[1] |
| Harvested area: | *1,000 acres* | *1,000 acres* | *1,000 acres* |
| Sunflowerseed | 64 | 187 | 950 |
| Rapeseed | 12 | 106 | 220 |
| Safflowerseed | 27 | 68 | 96 |
| Other[2] | 91 | 101 | 136 |
| Total | 194 | 462 | 1,402 |
| Production: | *1,000 long tons* | *1,000 long tons* | *1,000 long tons* |
| Sunflowerseed | 13 | 58 | 200 |
| Rapeseed | 4 | 9 | 80 |
| Safflowerseed | 4 | 9 | 12 |
| Soybeans | 5 | 9 | 18 |
| Peanuts | 18 | 47 | 34 |
| Cottonseed | 51 | 43 | 30 |
| Total[3] | 15 | 45 | 106 |
| Exports: | | | |
| Sunflowerseed | — | 3 | 120 |
| Rapeseed | — | 4 | 20 |
| Total[3] | — | 3 | 50 |
| Imports: | | | |
| Soybean oil | 8 | 6 | 1 |
| Rapeseed oil | 5 | 2 | — |
| Safflowerseed oil | 2 | 7 | 4 |
| Peanut oil | 7 | 5 | 3 |
| Palm oil | 5 | 6 | 6 |
| Coconut oil and copra[3] | 19 | 21 | 22 |
| Other[3] | 16 | 17 | 16 |
| Total | 62 | 64 | 52 |
| Residual available for consumption and/or stock changes[3] | 77 | 106 | 108 |

[1] Preliminary. [2] Includes peanuts and soybeans. [3] Oil basis. [4] Includes cottonseed, olive, sunflower, palm kernel, corn, whale, and fish oils.

# FRENCH WHEAT GRADING PLAN FAILS TO WIN WIDE ACCEPTANCE

By HERFRIED R. HOYER
*Office of the U.S. Agricultural Attaché*
*Paris*

For the third crop year (beginning Aug. 1, 1971) France is trading graded wheat. Although the total amount inspected and certificated by the Government has shown a steady increase between 1969-70 and 1971-72, the program has not yet won universal acceptance by the French grain trade.

Grading was started in 1969 when the French Government decided to change its marketing method by offering graded wheat. In that year less than 2 million metric tons went through the inspection channels of the Office National Interprofessionel des Cereales (ONIC), the French Government agency which regulates—among other things—import and export transactions for grain. In 1970-71 the amount—at 3.5 million tons—had almost doubled. This season (1971-72) it is estimated the Government inspected and certificated some 5.2 million tons.

The French wheat grading system has five grades. Superior quality is called Label Grade. Wheat of lesser quality is classified Grades 1, 2, 3, or 4.

In 1969-70 Label Grade wheat made up just 3 percent of the year's total of the 1.9 million metric tons graded, while Grade 3 comprised 93 percent. Grades 1 and 2 each accounted for 2 percent.

In 1971-72 the estimated percentage of Label Grade wheat rose to 11 percent, while Grade 3 dropped to 42 percent of the total. Grade 2 wheat increased to 32 percent, while Grade 1 wheat climbed to 4 percent. In the current crop year, when Grade 4 was used for the first time, it amounted to 11 percent of the 5.2-million-ton total.

ONIC pays a grading premium equivalent to 15 U.S. cents per 100 kilograms (a unit of 220.5 pounds) for Label Grade wheat, 8 cents for Grades 1 and 2 wheat, and 4 cents for Grades 3 and 4.

These premiums are paid from a grading fund accumulated by payment of a fee of 3 cents per 100 kilograms for all wheat collected; the fund is estimated to amount to some $3.8 million in 1971-72. The premiums are paid on amounts of 300 tons or more.

Because the premiums are paid to cooperatives or to traders and not to producers, the wheat grower has little incentive to produce a better quality wheat on this basis. Nor is there any firm indication that buyers are willing to pay a higher price for premium-quality graded wheat.

There are probably several reasons for this lack of willingness on the part of buyers, the main one being that millers already know the quality of wheat produced in their areas without resorting to a grading system. Consequently they make their purchases based on experience.

A second reason is that the French wheat market is structured differently from that of the United States. Because there is no commodity exchange for wheat, trade is based on direct contacts between buyer and seller. Thus buyers are able to get information as to the quality of their purchases directly from the person offering wheat for sale.

Furthermore, during the last 2 crop years, wheat quality has been excellent. Buyers have had little incentive to buy graded wheat because even ungraded wheat was of generally high quality. In addition, market demand caused ungraded wheat prices to run well over intervention prices and buyers were reluctant to pay even higher prices for graded wheat.

With larger supplies of wheat available this season and market prices tending downward, it appears that greater pressure to differentiate wheat by grade and price will develop.

During the current crop year, for example, although all wheat is of good quality, beginning market operations were hesitant. The 1971-72 crop year, therefore, could test whether the market will buy wheat according to the various grades, and thus allow higher returns for quality wheat which would justify the grading system.

Despite inconclusive results during the first 2 years of operation, ONIC is convinced that 1971-72 will show the beginning of buyers' willingness to pay higher prices for graded wheat. ONIC believes that ultimately both co-ops and private traders will recognize the advantages of buying and selling wheat for which both origin and quality have been certificated.

GROWTH OF FRENCH WHEAT GRADING

| Grade | 1969[1] | | 1970[1] | | 1971[1,2] | |
|---|---|---|---|---|---|---|
| | Amount | Share of total | Amount | Share of total | Amount | Share of total |
| | *1,000 metric tons* | *Percent* | *1,000 metric tons* | *Percent* | *1,000 metric tons* | *Percent* |
| Label Grade | 61 | 3 | 80 | 2.5 | 600 | 11 |
| Grade 1 | 46 | 2 | 167 | 4.5 | 200 | 4 |
| Grade 2 | 36 | 2 | 1,169 | 33.0 | 1,650 | 32 |
| Grade 3 | 1,832 | 93 | 2,131 | 60.0 | 2,200 | 42 |
| Grade 4 | 0 | — | 0 | — | 600 | 11 |
| Total | 1,975 | 100 | 3,547 | 100 | 5,250 | 100 |

[1] Crop year beginning Aug. 1. [2] Estimated.

# VENEZUELAN'S FOOD PROGRAM STRESSES BETTER NUTRITION FOR MORE PEOPLE

By DONALD M. NELSON, JR.
*Assistant U.S. Agricultural Attaché*
*Caracas*

The Venezuelan tradition of providing meals to the needy, developed during the depression thirties, has taken on new meaning. Formerly intended to serve meals mostly to the unemployed, Venezuela's food program now emphasizes better nutrition for a far wider segment of the population.

Students in public and private schools, factory workers, children at Government day-care centers, as well as diners at public lunchrooms, hospital patients, and prison inmates, all benefit from the several programs of the Venezuelan National Nutrition Institute, a Government organization charged with bettering the health of the country's citizens through diet improvement.

The Institute is divided into five functional sections: Administration, Institutional Services, Nutrition and Public Health, Education, and Investigations. The Administration unit oversees the operations of the components of the Institute. Institutional Services supervises lunch programs at schools and at industrial and public lunchrooms. Nutrition and Public Health — among other things—provides milk to preschoolers, and makes available certain prenatal and postnatal training in the care and feeding of infants.

The Education element disseminates information on proper diets and personal health care. The Investigations Section does research on malnutrition and on nourishment provided by different foods.

Since the late 1940's, one of the Institute's most important programs has been to supply nutritious lunches to needy elementary school children. At present, approximately 2,300 schools throughout Venezuela serve free lunches and participate in a midmorning snack program.

The snack usually consists of a cookie containing nonfat dry milk fortified with vitamins and minerals and is intended to supplement the lunch. Together these two programs provide between 20 and 35 percent of the children's minimum daily requirements of proteins, carbohydrates, and fats.

Unfortunately, a shortage of funds limits the program's scope. During the 1969-70 school year only about 227,300 students benefited from the lunch program. This represents slightly over 11 percent of total school enrollment.

Because of severe budget restrictions and rising costs, it was necessary to cut back services so that in the 1970-71 school year only 197,000 students were served—about 8 percent of total enrollment.

In the 1965-66 school year, 756,000 students had received lunches costing about 31 cents each to prepare and serve. However, the program was active only 84 days compared with 115 days in 1970-71.

It should be noted that the thousands of private school students are not eligible for the free lunch program. Thus the percentage of "needy" students reached is much higher than the above figures indicate, but not nearly as high as the Institute would like it to be.

In public schools in the poorer areas, for example, only about one-third of the student body participates in the lunch program during a 3-month period. By dividing the school year and student body into thirds, the Institute hopes to give each student at least 3 months of benefit from the program annually.

About 2 years after the school lunch program got underway the Venezuelan Government reinstated the "soup kitchens" in a more sophisticated form—as public lunchrooms.

Known as "comedores populares," these lunchrooms in the larger cities (there are four in Caracas and 11 in other cities) provide a well-balanced, tasty meal for about 66 cents. These meals are planned to provide about 45-50 percent of the average adult's daily minimum requirement of proteins, carbohydrates, and vitamins.

But a person need not go to one of the public lunchrooms if he is employed by one of the scores of companies that take advantage of another of the Institute's services—meal delivery. The Institute prepares meals to its standards and packs them in special thermal containers for delivery to participating firms. The firm pays the cost of transportation and serving the food, keeping the end price at about 66 cents.

Another smaller program provides lunches for students in Government day-care centers, private schools, and technical and high schools. Still another one provides all meals to persons in hospitals and prisons.

Cafeterias in these institutions normally contract with one of the comedores populares for their meals, which are then made available at prices substantially lower than would otherwise be the case. At high schools the cost is about 33 cents per meal.

Each school or kitchen is free to choose the menu it desires on any given day provided it is one of the 72 approved by the Institute. The flexibility of the system allows dieticians to take advantage of local surplus foods and lower overall costs.

*(Continued on page 12)*

**Serving line at a "comedor popular."**

"Feedback" on the acceptability of the food is provided through the use of questionnaires in which the respondent is asked to comment on the quality and quantity of the food and the manner in which it was served. A requirement that all of the Institute's employees in Caracas eat at the public lunchroom located in its building provides instant "feedback" about the taste of the food and reduces the danger that unpalatable meals will appear on the menus in other locales.

The Institute is constantly seeking ways to cut costs without reducing quality and service. Currently it is studying the feasibility of precooking meals at central locations, and packaging and freezing them for later warming in special ovens at the schools.

Additional income would be available if regulations were changed so that students who now pay nothing for their meals could be charged a small amount. This would defray some of the program's cost and allow it to be extended to more children. A change is considered likely in the next few years, but it will be difficult to effect after so many years as a free program.

Whatever the outcome of these proposed changes, the Institute will continue its programs, which have already reached several million Venezuelans. But the dedicated staff hopes that it will be allowed to expand and improve these programs so that many more Venezuelans may benefit.

## U.K. Needs Strong Farm Technology To Benefit From EC Membership

Membership in the European Community will give the United Kingdom greater access to European markets, but U.K. agriculture must be technically strong in order to take full advantage of these opportunities, according to the Director General of the U.K. Agricultural Development and Advisory Service, Sir Emrys Jones.

The larger markets of Europe, he told an audience at the Royal Agricultural College at Cirencester, offer an opportunity to achieve a more substantial increase in U.K. agricultural production than could be achieved in any other way.

"But this explanation will not just happen. We shall have to work for it—and in the right way. . . . We shall need to select carefully where the production and marketing opportunities best lie and gear ourselves accordingly — technically, economically, organizationally," Sir Emrys said.

Pointing out that recent statistics show that Britain's agricultural output went up about 10 percent in the past 5 years, Sir Emrys said there is no reason why this trend should not continue. But, he added, increased production in the United Kingdom will only come about through adoption of new techniques.

Sir Emrys said, for example, that in dairy farming—which in England and Wales has a gross annual output of over $960 million, based on the par value prior to Aug. 15, 1971—even small economies in feed practices might benefit the industry by $312 million per year. For instance, dairy farmers could avoid unnecessary use of concentrates, feed homegrown cereals and homemixed concentrates, and make better use of grass and grass products. Further savings could come from the elimination of diseases such as mastitis, which cost the industry $48 million per year.

In the sheep sector Sir Emrys said that gross output could be raised by $14.4 million per year through improvements in the number of lambs produced and sold per ewe.

Sir Emrys stressed that the U.K. Government was no less anxious than farmers to see that British agriculture reaped the fullest possible benefit from the changed circumstances of EC membership. He pointed out that cereals and beef are particularly well placed to benefit from entry into the Community, particularly beef from grass and grass products, while dairy farming may receive a major stimulus. Firmer meat prices should also benefit sheep producers.

—Based on a dispatch from
KENNETH L. MURRAY
*Asst. U.S. Agricultural Attaché, London*

## New Development Program May Swell Tea Production in Tanzania

Although Tanzania ranks 16th as a world tea producer, there is a possibility it may improve its standing in future years as the result of a $16.5-million tea development project now underway.

The tea program—an element of the country's Second Five-Year Plan (1969-74)—has emphasized development of tea production by small landowners. The current phase of this ongoing program will provide for a substantial expansion of smallholder production.

Partly financed by a credit equivalent to $10.8 million granted recently by the International Development Association (IDA), the new aspect of the smallholder undertaking provides for the planting of tea by 14,000 small farmers on 20,500 acres in four areas, the construction of about 185 miles of all-weather roads, and the construction or expansion of five leaf-processing factories. The project also provides for the establishment of tea nurseries, the training of local personnel, and technical assistance.

The fifth largest producer of tea in Africa, Tanzania had an average annual production between 1967 and 1971 of 8,561 metric tons. During that period output ranged steadily upward from 7,158 tons in 1967 to an alltime high of 10,457 tons in 1971.

Although the volume of U.S. tea imports from Tanzania has dropped in recent years, the United States is still an important customer. In 1967, the United States imported 1.02 million pounds of Tanzanian tea. Since that time, however, the trend has generally been downward and in 1971 U.S. imports were 738,000 pounds.

The tea development project will mainly be carried out by the Tanzanian Tea Authority (TTA), the responsible agency for all aspects of smallholder tea development in Tanzania. Funds will be made available to individual farmers for on-farm development activities and for the purchase of equipment and facilities.

In addition to the funds provided by IDA, other grants are expected to be made available by Norway and by the International Coffee Organization's Coffee Diversification Fund. Loans to TTA and tea cooperatives will be channeled through the Tanzania Rural Development Bank (TRDB).

## FRUITS, NUTS, AND VEGETABLES

### South African Production Of Dried Fruit Up

South Africa reports a slightly larger dried fruit crop in 1972. Weather was good and production is estimated at 21,200 short tons. Raisin production is estimated at 14,100 tons, 5 percent above the 1971 crop of 13,400 tons and 13 percent above the 1965-69 average.

Dried fruit exports are expected to approximate last season's. Exports totaled 9,000 tons during 1971. Raisins were the major export item, totaling 7,800 tons, followed by apricots with 650 tons. The United Kingdom and Canada were the major export markets for South African raisins. Japan and the United Kingdom are the most important markets for dried apricots.

SOUTH AFRICAN PRODUCTION OF DRIED FRUIT
[In thousands of short tons]

| Item | 1970 | 1971 | 1972[1] |
|---|---|---|---|
| Raisins: | | | |
| Sultanas | 12.5 | 12.3 | 12.7 |
| Other | 1.2 | 1.1 | 1.4 |
| Total[2] | 13.7 | 13.4 | 14.1 |
| Prunes | 2.0 | 1.9 | 1.9 |
| Peaches | 1.9 | 2.2 | 1.9 |
| Apricots | 1.1 | 1.0 | 1.1 |
| Pears | .7 | .4 | 1.1 |
| Currants | .7 | .8 | .8 |
| Other | .3 | .4 | .3 |
| Grand total[2] | 20.3 | 20.2 | 21.2 |

[1] Preliminary. [2] Totals may not add because of rounding.

## LIVESTOCK AND MEAT PRODUCTS

### Breeding Stock Added To Credit Line for Poland

Poland is carrying out a program to improve and expand its livestock industry and wants to import U.S. breeding stock. As a result, the USDA's Export Marketing Service has added beef and dairy breeding cattle, as well as breeding swine, to the line of Commodity Credit Corporation (CCC) credit for Poland.

Other items already included in the credit line are wheat, feedgrains, cotton, tobacco, vegetable oil, tallow, rice, and lard.

### New Zealand Beef Producers To Evaluate French Breeds

About 30 French bulls arrived in New Zealand recently and went into maximum quarantine at Somes Island in Wellington harbor.

The cattle consist of 10 Blond d'Aquitaine, 9 Limousine, 7 Pie Rouge or French Simmental, and 4 Maine Anjou. They were brought to New Zealand as part of a long-range program to evaluate the potential of such breeds to improve New Zealand's beef herds. The average age of the bulls was 11 months.

## SUGAR AND TROPICAL PRODUCTS

### Brazil Establishes New Coffee Planting Program

Brazil has plans for a new 3-year coffee tree planting program. The President of the Brazilian Coffee Institute (IBC) has proclaimed this as "The Renovation and Reinvigoration Plan." The plan received its lifeblood on March 16, when the President of IBC authorized the Bank of Brazil to serve as the agent for lending about US$740 million in program funds. The Bank of Brazil and official State banks will approve loans in the nine coffee-producing States of São Paulo, Paraná, Minas Gerais, Espírito Santo, Bahia, Ceará, Goiás, Rio de Janeiro, and Pernambuco. About 26 percent of the funds have been programed for the 1972-73 crop year (July-June).

The program's principal objective is to raise Brazil's present annual average coffee production potential from 20 million bags (132.3 lb.) to 26 million or 28 million. This goal is planned to be attained by:

- Planting 600 million new trees, at the rate of 200 million trees per year, starting with the 1972-73 crop year.
- Improving the yield of existing coffee trees through the use of fertilizers, pest control, chemicals, and pruning.

The financial resources of the program are to be distributed among five different projects aimed at accomplishing the goals of the new plan. These projects are: Production of coffee seedlings, planting of coffee seedlings, pruning of coffee trees, application of soil correctives, and insect and disease control measures.

Financial assistance will be provided to numerous nursery projects to produce from 100,000 to 1 million seedlings each. The latest rate will be 3 percent per year for loans granted during 1972-73 and 6 percent per year for loans granted during the 2 following crop years. The planting of new seedlings

will be carried out in the regions of Brazil that are considered suitable for the planting of coffee.

The upper limit for financing is 200,000 new trees, or about 300 acres per farm. In cases where the planting project would exceed 50,000 trees, it must be approved by the IBC regional extension office. The project for financing the pruning and thinning of coffee trees aims at creating favorable conditions for the control of diseases and insects and increasing tree productivity.

The purpose of the soil corrective project is to increase the productivity of trees that already have demonstrated a certain production ability. A goal of this project is to teach the growers the proper management factors that apply to the application of soil correctives. Because of the depletion of natural soil fertility and the scarcity of new, fertile land for expansion, usage of fertilizer and lime is a prerequisite.

Financial and technical assistance is programed to enable the coffee grower to purchase and apply adequate amounts of insecticides and fungicides to combat the most dangerous insects and diseases attacking coffee—currently these are weevils and coffee rust, respectively. In order to assure that the grower has the best means available to apply the insecticides and fungicides, interest-free financing is to be granted for the purchase of dusters and sprayers.

## GRAINS, FEEDS, PULSES, AND SEEDS

### EC Changes Basis for Calculating Import Levy

Beginning May 9, the Commission of the European Community has, for the first time, converted the c.i.f. prices used in calculating its grain-import levy into units of account. The c.i.f. prices are now on the basis of the dollar to gold price which became official when the U.S. Government informed the International Monetary Fund on May 8, 1972, that the U.S. dollar would be devalued by 7.9 percent.

This change has allowed the elimination or reduction of the compensatory import charges which have been temporarily applied in recent months in EC countries.

### European Community To Denature 4 Million Tons of Wheat in 1972

Current projections indicate that the European Community will denature about 4 million tons of wheat this year compared with 3.6 million last year. The record year was 1969-70 when about 4.5 million tons were denatured.

This year denaturing premiums are not so high as in 1969-70, but prices of barley and corn are at record levels, so that denatured wheat has become competitive. Only a few months ago, a lower rather than larger amount of denaturing was being predicted by European officials for the current year.

### EC Revises Corn and Durum Intervention Regulations

Starting with the 1972-73 marketing year, there will be only one intervention price at all intervention points for both corn and Durum wheat in the European Community. These intervention prices will be fixed at the lowest level that would be in effect for any point in the Community if there were a system of derived (localized) intervention prices such as is used for wheat and barley.

In effect, this means that corn and Durum wheat prices will only be protected by threshold price levels. The previous regulation for corn stated that when corn production exceeded domestic consumption, derived intervention prices would be introduced.

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | May 24 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-14 | 1.98 | 0 | [1] 1.89 |
| USSR SKS-14 | 1.86 | +1 | 1.89 |
| Australian FAQ | ([2]) | ([2]) | 1.78 |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 1.88 | −1 | 1.87 |
| 15 percent | 1.98 | +2 | 1.92 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 1.81 | −1 | 1.88 |
| No. 3 Hard Amber Durum | 1.84 | −2 | 1.79 |
| Argentine | ([2]) | ([2]) | ([2]) |
| U.S. No. 2 Soft Red Winter | 1.66 | +1 | 1.74 |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 1.48 | 0 | 1.66 |
| Argentine Plate corn | 1.78 | +3 | 1.71 |
| U.S. No. 2 sorghum | 1.43 | −2 | 1.46 |
| Argentine-Granifero sorghum | 1.44 | −2 | 1.44 |
| U.S. No. 3 Feed barley | 1.19 | −1 | 1.20 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 3.87 | −3 | 3.37 |
| EC import levies: | | | |
| Wheat [3] | [4] 2.00 | +1 | 1.40 |
| Corn [5] | [4] 1.30 | 0 | .74 |
| Sorghum [5] | [4] 1.34 | 0 | .96 |

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries.

Note: Basis—30- to 60-day delivery. Beginning May 9, 1972, the EC levy was increased because of the official devaluation of the dollar vis-a-vis the EC unit of account. The new exchange rate is one unit of account=US$1.0857. Prior to May 9, the dollar and unit of account were of equal value.

## COTTON

### Central American Cotton Crop Expected To Hit 1 Million Bales

Central America is nearing the end of its 1971-72 cotton ginning season. Indications are for a crop of about 1.0 million bales (480 lb. net), from an area of about 620,000 acres. Nicaragua produced about 450,000 bales; El Salvador, 310,000; and Guatemala, about 280,000 bales.

Yields were especially favorable this season with many farmers, and Central America as a whole, experiencing record high average yields.

A large part of the 1971-72 crop was sold by producers or their cooperatives before harvest. Those who sold early in the season thought they were getting excellent prices, but attitudes about the attractiveness of early sales contracts changed as prices continued to advance. Even so, there is general agreement that the 1971-72 crop has been a profitable one, with prices averaging about 28.5 cents f.o.b. Pacific ports. Farmers in some countries were disappointed with the prices received this season for cottonseed.

During most of the current harvest there has been considerable buying interest in the crop that will be harvested in early 1973.

## DAIRY AND POULTRY

### Argentine Poultry Meat Consumption Increases

Although the Argentine consumer is traditionally a heavy beef eater, he will reluctantly shift to other meats when domestic beef supplies are insufficient or when price relationships are more favorable for other types of meats.

Both of these situations existed in 1971 with the result that per capita consumption of poultry meat rose sharply to 27 pounds, up 20 percent from a year earlier. Per capita consumption of poultry meat now exceeds pork consumption and ranks second only to beef. The forecast for 1972 is for a further increase in poultry meat consumption.

Until recently the retail price of broilers averaged around 27 U.S. cents a pound, an advance of about 35 percent from a year earlier. On March 20, 1972, prices of broilers were frozen at the equivalent of 25.1 U.S. cents a pound at prevailing exchange rates.

Until a year ago the price of poultry meat was about the same as the better cuts of beef, whereas now the price of these cuts is about double that of poultry meat. There is a 5-percent sales tax on poultry and poultry products in all Provinces of Argentina except in the Federal Capital.

Argentina does not import or export fresh eggs or poultry products for direct consumption. However, in calendar 1971, Argentina imported $615,000 worth of hatching eggs (up from $371,000 in 1970) and $117,000 worth of baby chicks ($90,000 in 1970) from the United States.

### Yugoslav Poultry Meat And Egg Output Increases

Production of poultry meat and eggs in Yugoslavia in 1971 was 156,000 metric tons and 3,250 million eggs, respectively, both up 10 percent over 1970. Consumption of poultry meat rose to 155,364 tons, or 16.8 pounds per capita. Egg consumption totaled 3.2 billion for the year, or 156 eggs per capita.

Yugoslavia has achieved virtual self-sufficiency at present price levels in both poultry meat and eggs, and trade in these products is very limited. During 1971, Yugoslavia exported 637 metric tons of poultry meat, and there were no imports. Net exports of eggs and egg products totaled 19 million, shell egg equivalent, mostly in the form of powdered and frozen eggs.

Retail prices of broilers supplied by commercial farms are still under Government control. In 1971, the price of dressed broilers, including heads and legs, was increased to the equivalent of 45 cents a pound. Selling of live and killed, but not dressed, poultry and eggs on the open market, however, is free of controls, with prices being determined by supply and demand. The average retail price of fresh eggs on the open market in 1971 was 62 cents per dozen, up 22 percent from 1970.

### Benelux Dairy Team To Visit United States

The Governments of the Benelux countries have committed themselves to switching from the dual-purpose type cow to one specialized in milk production. To capitalize on this change, the Holstein-Friesian Association has invited a three-man Benelux dairy team to the United States to see U.S. dairy breeds and areas, thus preparing the way for purchases of U.S. breeding stock.

### Canada Sells Nonfat Dry Milk to Mexico

The Canadian Dairy Commission announced on April 25, 1972, an agreement to supply Mexico with 61 million pounds of nonfat dry milk during this calendar year. This transaction will account for about one-third of the expected Canadian nonfat dry milk available for export in 1972. The sale price will probably average about 28 cents per pound for an approximate total value of $17 million.

CONASUPO (the Mexican Government purchasing agency) expects to purchase about 110 million pounds of nonfat dry milk in 1972; thus the new agreement with Canada provides for about 55 percent of total import requirements.

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## Forward Contracting Continues For 1972 U.S. Cotton Production

U.S. cotton growers continue to sell their production well ahead of harvest. By May 1 of this year, farmers across the U.S. Cotton Belt had contracted to sell about two-fifths of the 1972 crop, according to the USDA's Agricultural Marketing Service (AMS). (This estimate is based on informal opinion and not on a statistical survey.)

In the South Central States, farmers had contracted more than two-thirds of the area's production. Contracting in the Southwestern States has been confined mostly to the early producing sections of south Texas; and for the entire Southwest, contracting accounted for about 13 percent of the 1972 crop.

The latest information on contracting in the Far Western States indicates that farmers had contracted to sell somewhat less than half of the anticipated 1972 production.

There are a wide variety of trading agreements used for forward transactions between growers and merchants or other buyers. Many of the 1972 crop contracts specify price ranges for various qualities of cotton. Many provide specifications requiring delivery of within-grade cotton in base mike range, and within a specified cutoff date. "Reduction" cotton is not acceptable.

There are some one-price contracts in use which contain no differentials for variations in quality. Virtually all contracts, however, contain a clause requiring an official Smith-Doxey classification conducted by the classing offices of AMS's Cotton Division.

FORWARD CONTRACTING OF COTTON BY FARMERS, 1970-72
[Percent]

| State and area | Crop year | | |
|---|---|---|---|
| | 1970 | 1971 | 1972 [1] |
| North Carolina | 3 | 4 | 20 |
| South Carolina | 5 | 20 | 65 |
| Georgia | 4 | 6 | 11 |
| Alabama | 15 | 48 | 46 |
| Total Southeast | 8 | 28 | 38 |
| Missouri | 22 | 75 | 85 |
| Mississippi | 25 | 69 | 77 |
| Arkansas | 17 | 73 | 83 |
| Louisiana | 8 | 26 | 46 |
| Tennessee | 2 | 20 | 36 |
| Total South Central | 17 | 59 | 71 |
| Oklahoma | (2) | 7 | 2 |
| Texas | 7 | 39 | 14 |
| Total Southwest | 7 | 37 | 13 |
| New Mexico | (2) | 8 | 2 |
| Arizona | 6 | 19 | 53 |
| California | 8 | 28 | 46 |
| Total Far West | 6 | 23 | 45 |
| Total U.S. | 11 | 43 | 39 |

[1] As of May 1.
[2] Less than 0.5 percent.
Source: Estimates made by Cotton Division, Agricultural Marketing Service, based on informal opinions and not on a statistical sample.

## World Calf Shortage

*(Continued from page 5)*

uted to the development of sheep and dairy industries—a temperate climate with moderate rainfall; an isolated, disease-free environment; and a history of careful pasture and livestock management.

**Conclusions.** To date, international movements of live cattle over long distances have been of relatively little importance to the major beef-producing countries, with the exception of small-scale shipments for breeding purposes.

In the future, trade links may well be established between the growing beef-deficit regions in Asia and Europe and the Southern Hemisphere countries in Oceania, South America, and Africa that have natural advantages in cow-calf operations.

But each country will increasingly be affected by the inevitable conflict between increased domestic beef and veal production and exports of calves. Since the world demand for beef will likely continue to grow (and if there is no technological breakthrough—such as rapid development of twin calving), the shortage of calves for export will continue.

As a consequence, the worldwide shortage of calves and feeder cattle will not be overcome in the next few years and may be increasingly recognized as a primary restraint to increased world beef and veal production.